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SUBJECT: LUXEMBOURG - COALITION GOVERNMENT RATIFIED WITH NEW
MINISTERS AND SHIFTS IN PORTFOLIOS

REF: A. LUXEMBOURG 137 B. LUXEMBOURG 128

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SUMMARY

¶1. (SBU) Prime Minister (PM) Juncker and Jean Asselborn, Vice-Prime Minister and Minister for Foreign Affairs, announced the ratification of a coalition government July 20 along with the names and portfolios of the new ministers. Several portfolios were reshuffled and three Ministers replaced. As expected, Jean-Claude Juncker remains Prime Minister but replaces Luc Frieden as Treasury Minister, allowing Juncker to remain President of the Eurogroup. The replacement of Minister of Defense (MOD) Jean-Louis Schiltz by Jean-Marie Halsdorf was unexpected. The new coalition government is unlikely to make significant changes to GOL (Government of Luxembourg) foreign policy initiatives. End Summary.

FORMATION OF A NEW GOVERNMENT

¶2. (U) Prime Minister (PM) Juncker and Jean Asselborn, Vice-Prime Minister and Minister for Foreign Affairs, announced the ratification of the new coalition government July 20 along with the names and portfolios of the new GOL (Government of Luxembourg) ministers. The announcement came after the national committees of the two parties who received the most votes from the June 7 election, the Christian Social People's Party (CSV) and the Socialist Party (LSAP), signed the agreements earlier in the day. The portfolios were divided, as they were in the previous government, nine for CSV and six for LSAP.

MINISTERS OF THE NEW GOVERNMENT

¶3. (U) Prime Minister (PM) Juncker announced the nine Ministers from his party, the CSV, as:

- Jean-Claude Juncker: Prime Minister, Treasury Minister and Minister of "administrative simplification."

- Luc Frieden: Finance and Budget Minister

- Jean-Marie Halsdorf: Minister of Defense, Minister for the Interior, Country Planning and the "Great Region."

- Francois Biltgen: Minister of Justice, Minister for Communication, Higher Education, Media, Research and Public Administration (civil service).

- Frangoise Hetto-Gaasch: Minister for "Middle Classes", Tourism and Equal Opportunities.

- Marie-Jose Jacobs: Minister for Family, Youth and Cooperation (development aid).

- Octavie Modert: Minister for Culture, Religions, and Minister-delegate for Public Administration and "Administrative Simplification."

- Marco Schank: Minister for Housing, Minister-delegate for Country Planning and Environment.

- Claude Wiseler: Minister for Sustainable Development, Infrastructure, Transports, Environment, and Country Planning.

¶4. (U) Foreign Minister (FM) Jean Asselborn announced the six LSAP Ministers as:

- Jean Asselborn: Vice-Prime Minister and Minister for Foreign Affairs.

- Mady Delvaux-Stehres: Education Minister.

- Mars Di Bartolomeo: Minister for Health and Social Security.

- Jeannot Kreck: Economy and Energy Minister.

- Nicolas Schmit: Labor and Immigration Minister.

- Romain Schneider: Minister for Agriculture and Sports.

CHANGES AND IMPLICATIONS

¶5. (SBU) Several portfolios were reshuffled and three Ministers replaced. As expected, Jean-Claude Juncker remains Prime Minister

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but replaces Luc Frieden as Treasury Minister. This addition to his portfolio allows Juncker to remain President of the Eurogroup. Interestingly, Juncker becomes Minister for "administrative simplification," a clear sign that cutting red tape in the heavily regulated government will be a priority. Jean Asselborn was re-appointed Foreign Minister despite his sometimes unscripted remarks. However, he remains popular among his peers and the Luxembourgers.

¶6. (SBU) The replacement of Minister of Defense (MOD) Jean-Louis Schiltz by Jean-Marie Halsdorf was unexpected as Schiltz was seen as having performed well. Schiltz will remain a force in his party and was nominated to be president of the CSV parliamentary group, a driving force implementing the GOL's reforms. Halsdorf is known for supporting the continued expansion of the armed forces and its international missions including contributions to the coalition in Afghanistan.

- Other changes are:

- Former Minister-delegate for Foreign Affairs Nicolas Schmit, LSAP, was promoted to Minister of Labor and Immigration, replacing Francois Biltgen, CSV. These are considered among the most difficult portfolios to manage, mainly due to rising unemployment which rose from 4.2 percent in May 2008 to 5.5 percent in May 2009.

. Both labor and agriculture were previously held by the CSV.

- Claude Wiseler was promoted to the "super-ministry" of Sustainable Development, including Infrastructure, Transports, Environment and Country Planning. He previously held Public Works and Administration.

- Former CSV President and Labor Minister Francois Biltgen was also given a "super-ministry" which includes Justice, Communications, Higher Education, Media, Research and Public Administration. Biltgen represents the more conservative group in the CSV, and he

will be in charge of steering the resistance to legalization]v5/E>Q poor electoral showing caused by his unpopular reforms including an increase in car taxes.

- Agriculture Minister Fernand Boden (CSV) is stepping down after thirty years in government.

¶7. (SBU) The three newcomers, Marco Schank, CSV, Frangoise Hetto-Gaasch, CSV, and Romain Schneider, LSAP, are all mayors-parliamentarians who will need to resign their current positions to pick up their new ministerial portfolios. (Note: Luxembourg parliamentary system allows mayors to also be parliamentarians but not Ministers. End note). Bio information on the new government will be sent SEPTEL.

COMMENT

¶8. (SBU) The new coalition government is unlikely to make significant changes in foreign policy. Juncker's assumption of the Treasury Ministry allows him to retain the broader EU platform as President of the Eurogroup, the informal meeting of Finance Ministers from the Euro area. Juncker is frequently mentioned locally as a possible future EU president and it is believed that the Eurogroup Presidency increases his chances. Jean Asselborn was re-appointed Foreign Minister, partially if not primarily because the Foreign Minister position is traditionally controlled by the party of the junior coalition partner which Asselborn leads.

¶9. (SBU) Newly-arrived Charge d'affairs and Pol/Econ Chief will meet with FM Asselborn July 28, prior to his departure for senior-level meetings in Washington. Out-take from this courtesy call to be reported SEPTEL.

¶10. (U) Questions/comments concerning this cable should be directed to Michael A. Via, Pol/Econ Chief, viama@state.gov. Telephone:(00 352) 460123 ext. 2240

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